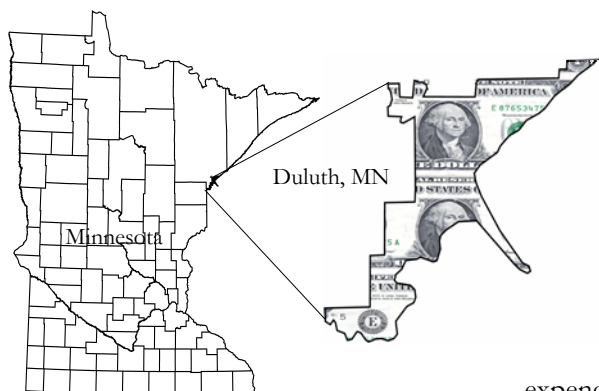


Cost of Living



About the Index

ACCRA is a nonprofit organization promoting excellence in research for economic and community development.

The ACCRA produces the *Cost of Living Index* to provide a useful, reasonable and accurate measure of living cost differences among urban areas.

Items on which the Index is based have been carefully chosen by ACCRA to

reflect the different categories of consumer expenditures. Weights assigned to relative costs are based on government survey data on expenditure patterns for **professional and executive** households. All items are priced nationally on specified dates and according to standardized specifications.

Interpreting the Index

The *ACCRA Cost of Living Index* measures **relative** price levels for consumer goods and services in participating areas. The average for all

Cost-of-Living Index

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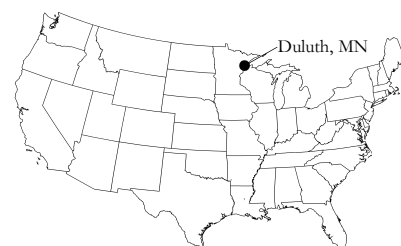
COLI Conducted and Prepared by

- Duluth Chamber of Commerce
- St. Louis County Planning Department

Supporting Roles

- University of Minnesota– Duluth, Bureau of Business & Economic Research (BBER)
- Minnesota Department of Economic Security (MDES)

Location of Duluth, MN



ACCRA Cost of Living Index

4th Quarter 2002

Average for 314 Urban Areas=100

Urban MSA and City	100% Composite Index	16% Grocery Items	28% Housing	8% Utilities	10% Transportation	5% Health Care	33% Misc. Goods and Services
Duluth, MN	103.3	95.9	105.2	108.1	107.4	100.0	103.3
Minneapolis, MN	110.5	101.8	118.9	113.7	120.3	118.3	102.7
Rochester, MN	101.3	99.6	96.3	111.4	103.6	119.1	100.6
St. Cloud, MN	96.5	99.1	88.9	102.4	109.7	98.6	95.9
Sioux Falls, SD	95.0	97.4	84.9	108.1	98.5	93.8	98.5
Grand Forks, ND	92.3	93.2	85.9	82.3	95.3	100.4	97.7
Chicago, IL	139.0	123.0	199.0	114.7	117.6	137.2	108.3

100% Composite Time Lapse

	3 rd Q, 2002	4 th Q, 2002	1 st Q, 2003	2 nd Q, 2003	3 rd Q, 2003	4 th Q, 2003	1 st Q, 2004
Duluth, MN	102.7	103.3					
Minneapolis, MN	106.1	110.5					
Rochester, MN	102.1	101.3					
St. Cloud, MN	94.6	96.5					
Sioux Falls, SD	92.6	95.0					

GOODS & SERVICES SAMPLED

The items for this *Index* are listed below. Establishment samples are selected to reflect a mid-management standard of living. Weights are shown for the component indexes. Further explanations on each product weight for the index and specifications can be found at www.accra.org.

GROCERY ITEMS (16%)

Meats
T-bone steak
Ground beef or hamburger
Sausage
Frying chicken
Chunk light tuna
Dairy Products
Whole milk
Eggs
Margarine
Parmesan cheese, grated
Produce
Potatoes
Bananas
Iceberg Lettuce
Bakery Products
Bread, white
Tobacco
Cigarettes
Misc. Grocery Products
Coffee
Sugar
Corn flakes
Sweet peas
Tomatoes
Peaches
Facial tissue
Dishwasher powder
Shortening
Frozen orange juice
Frozen corn
Baby food
Soft drink

HOUSING (28%)

Apartment, monthly rent
Total new home purchase, 2,400 sq. ft. home
Mortgage rates
P & I monthly payment

UTILITIES (8%)

Total home energy cost
Electricity
Other home energy
Telephone

TRANSPORTATION (10%)

Commuter fare
Auto maintenance
Gasoline

HEALTH CARE (5%)

Hospital room
Office visit, doctor
Office visit, dentist
Antibiotic ointment

MISC. GOODS & SERVICES (33%)

Hamburger sandwich
Pizza
Fried chicken
Haircut
Beauty salon
Toothpaste
Dry cleaning
Man's dress shirt
Boy's underwear
Man's slacks
Major appliance repair
Newspaper subscription
Movie
Bowling
Tennis balls
Child's game
Liquor
Beer
Wine

participating areas, both metropolitan and non-metropolitan, equals 100, and each participant's index is read as a *percentage* of the average for all places.

The index reflects cost differentials for professional and executive households in the top income quintile (20%). Operationally, this standard of living is set by the weighting structure.

Because the number of items priced is limited, it is not valid to treat percentage differences between areas as exact measurements. Small differences, however, should not be construed as significant—or even as indicating correctly which area is more expensive.

ACCRA has opted to produce an index that adequately measures differences in

goods and services, rather than to produce an inaccurate measure that attempts to incorporate taxes levied on real and intangible property, retail purchases and income.

Participating Areas and How Data Collected

Areas included in this survey are those who have volunteered to participate in a particular quarter.

The Duluth Chamber of Commerce and the St. Louis County Planning Department teamed up to collect data from an array of businesses across Duluth on specified dates. A range of three to five prices were collected for each product. ACCRA then averaged and calculated all weighted goods and services.



ACCRA Cost-of-Living Index Measuring a Specific Standard of Living

The question the *ACCRA Cost-of-Living Index* is designed to answer is: How do urban areas compare in the cost of maintaining a standard of living appropriate for moderately affluent professional and managerial households.

The first thing to note about this question is that it's not at all the same as comparing average standard of living. The index is designed to compare the costs of a particular standard of living in all areas—and it doesn't matter whether that standard of living is typical of the overall population of your area.

The kind of household on which the *ACCRA Cost-of-Living Index* is based has the following characteristics

- Household consists of both spouses and one child
- Household income is in the top quintile (20%) for the area. In Duluth, the top 20% would earn about \$65,000 and over
- Both spouses hold college degrees; at least one has an established professional or managerial career
- Products and services surveyed geared towards this household makeup

